

THE TORONTO STOCK EXCHANGE

24/8/72

Filing Statement No. 1846.
Filed, October 17, 1972.

LOST RIVER MINING CORPORATION LIMITED

Full corporate name of Company
Incorporated under Part IV of The Corporations Act (Ontario)
by Letters Patent dated May 21st, 1970.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	1. The Corporation has agreed to sell 300,000 treasury shares at \$5.00 per share on a private placement basis in order to raise \$1.5 million, to the following corporations in the amounts set opposite their names and addresses: Incontra Limited, Hochhaus zur Palme, 33 Bleicherweg, Zurich, Switzerland 100,000 Ataka America, Inc., 633 Third Avenue, New York, N.Y. 10016, U.S.A. 100,000 Craigendoren Investments Limited, 265 Dunwoody Avenue, Oakville, Ontario 20,000 Ralnor Corporation Limited, 130 Glen Road, Toronto 287, Ontario 20,000 Delsak Limited, 637 Lakeshore Boulevard West, Toronto, Ontario 20,000 Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario 40,000
	The above private placement is subject to the approval of such regulatory authorities having jurisdiction. The private placees have agreed that the shares being purchased pursuant to the private placement herein will be held for a minimum period of six months. The Corporation is presently negotiating for the sale, on a private placement basis, of a further 300,000 shares at \$5.00 per share.
2. Head office address and any other office address.	Head Office: Suite 420, 159 Bay Street, Toronto Ont. Other Office: P.O. Box 503, Nome, Alaska 99762, U.S.A.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "A" on page 2.
4. Share capitalization showing authorized and issued and outstanding capital.	The authorized capital of the Corporation consists of 5,000,000 shares without par value, of which there are presently issued and outstanding as fully paid and non-assessable 3,080,005 shares.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	There are no bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

Schedule "A".

Item 3:

The names, addresses and occupations of the officers and directors of the Corporation for the past five years are as follows:

<u>Name & Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Murray Watts, 55 Bayview Ridge, Willowdale, Ontario	President and Director	Self-employed Prospector and professional mining engineer. President and director of Pan Central Explorations Limited, Coppermine River Limited, San Judas Molybdenum Corporation Limited and also associated with other mining corporations.
H. Bruce Megill, 701 Don Mills Rd., Apt. 2207, Don Mills, Ontario	Executive Vice-President and Director	Professional mining engineer. From March 1969 to September 1971 employed with Price Waterhouse & Associates, Montreal; prior thereto, Executive Vice-President and director of Canadian British Aluminium Co. Limited.
Ronald C. Sheardown, 22 Oakmount Road, Apt. 606, Toronto, Ontario	Vice-President and Director	Prospector
Rose Palmer, 240 Wellesley St.E., Apt. 302, Toronto, Ontario	Secretary-Treasurer	Accountant with numerous mining corporations associated with Murray Watts for the past five years.
Pearse Walsh, Box. 179, Nome, Alaska	Director	Prospector
Ralph Hedlin, 130 Glen Road, Toronto, Ontario	Director	Chairman of Hedlin, Menzies & Associates Limited. Also a director of Pan Central Explorations Limited, Traders Group Limited and Acres Consulting Services Limited.

FINANCIAL STATEMENTS

LOST RIVER MINING CORPORATION LIMITED.

BALANCE SHEET

AS AT JUNE 30, 1972.

WITH COMPARATIVE FIGURES FOR JUNE 30, 1972.

ASSETS

<u>Current Assets</u>	<u>1972</u>	<u>1971</u>
Bank	\$ 46,008	\$ 1,364
Deposit Receipts	1,050,000	400,000
Sundry Deposit	750	-
Accounts Receivable	5,521	43,060
Advances	17,280	7,881
Prepaid Insurance	1,540	-
Commissary	-	772
	1,121,099	453,077
Mining Lands and Rights-at cost	562,444	501,869
Investment in Lost River Alaska Corporation	15,000	-
<u>Fixed Assets-at cost</u>		
Small Tools	-	586
Lab. Equipment	1,503	-
Machinery & Equipment	93,033	57,197
Camp Equipment	20,428	24,296
Office Equipment	13,908	4,930
Aircraft	52,501	-
Prospecting Equipment	3,635	-
Camp Building	14,560	-
Diamond Drill Equipment	-	21,328
	199,568	108,337
<u>Deferred Expenses</u>		
Deferred Exploration & Development Expenses	1,882,160	779,708
Deferred Administrative Expenses	341,271	163,763
Commission on Shares	45,000	-
Total Deferred Expenses	2,268,431	943,471
Total Assets	\$ 4,166,542	\$ 2,006,754

LIABILITIES & SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$ 16,537	\$ 11,749
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Shareholders' Equity

Capital

Authorized (1972)
5,000,000 shares-no par value
Authorized (1971)
5,000,000 shs-par value \$1.00

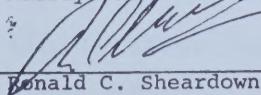
Issued and Fully Paid
(2,280,005- 1971)

3,080,005	4,150,005	1,995,005
	\$ 4,166,542	\$ 2,006,754

Approved on behalf of the Board
of Directors:

Murray Watts

Murray Watts



Ronald C. Sheardown

LOST RIVER MINING CORPORATION LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR SIX MONTHS ENDING JUNE 30, 1972

WITH COMPARATIVE FIGURES FOR JUNE 30, 1971

1972

1971

Source of Funds

Issue of Shares	\$ 1,000,000	\$ 1,060,000
Interest Earned	22,381	5,821
Miscellaneous Income	-	174
	<u>\$ 1,022,381</u>	<u>\$ 1,065,995</u>

Application of Funds

Purchase of Office Equipment	\$ 8,728	\$ 3,490
Purchase of Machinery and Equipment	15,904	70,604
Exploration & Development and Administrative Expenses	554,565	421,497
Purchase of Mining Properties	50,000	125,842
Purchase of Aircraft	52,501	-
	<u>681,698</u>	<u>621,433</u>
 Increase in Working Capital	 340,683	 444,562
Working Capital-beginning of year	<u>763,879</u>	<u>(3,234)</u>
Working Capital-end of period	<u>\$1,104,562</u>	<u>\$ 441,328</u>

Working Capital Represented by:

Current Assets	1,121,099	453,077
Current Liabilities	<u>16,537</u>	<u>11,749</u>
Working Capital	<u>1,104,562</u>	<u>441,328</u>

LOST RIVER MINING CORPORATION LIMITED

STATEMENT OF DEFERRED EXPENSES

FOR SIX MONTHS ENDING JUNE 30, 1972

WITH COMPARATIVE FIGURES FOR JUNE 30, 1971

	<u>1972</u>	<u>1971</u>
<u>Exploration and Development</u>		
Balance- January 1st	\$ 1,398,009	\$ 498,039
Property & Staking		6,257
Freight and Express, Rail		
Air and Transport	8,265	18,953
Assaying & Sampling	8,859	1,367
Engineering & Consulting	325,779	34,596
Drafting & Supplies	5,636	4,875
Geology	10,578	-
Drill Accessories	13,694	63,854
Cookery	4,637	8,164
Camp Maintenance & Supplies	5,227	27,367
Radio & Telephone	1,775	40
Field Wages	19,367	37,223
Rental Charges on Equipment	5,105	19,452
Expediting	4,018	-
Rent	2,437	-
Fees & Licenses	226	-
Water Surveys	490	-
Surveys	-	1,815
Maps and Prints	-	4,364
Gas and Oil	-	9,394
Workmen's Compensation	3,497	-
Aircraft Expense	17,825	9,729
Insurance	6,002	6,243
General & Office Expense	9,566	5,420
Travel	31,168	20,534
Wage Burden	-	2,021
Total Exploration and Development Expenses	<u>484,151</u>	<u>281,668</u>
	<u>\$ 1,882,160</u>	<u>\$ 779,708</u>
<u>Administrative Expenses</u>		
Balance- January 1st	\$ 293,238	\$ 29,930
Office Services	3,000	12,000
Office & General Expense	7,191	7,086
Bank Charges & Foreign Exchange	(1,739)	1,747
Accounting	8,036	-
Telephone & Telegram	6,660	6,231
Licenses & Fees	943	5,896
Travel	1,285	3,913
Rent	1,368	-
Secretarial	10,771	-
Transfer Agents Fees	532	2,749
Legal & Audit	4,974	17,525
Wages	12,550	59,879
Shareholders' Information	7,787	9,210
Advertising & Promotional	2,627	3,792
Employee's Benefits	1,678	-
Brokerage Fees	-	9,800
Insurance	2,751	-
	<u>70,414</u>	<u>139,828</u>
<u>Less:</u>		
Interest Income	(22,381)	(5,821)
Miscellaneous Income	<u>-</u>	<u>(174)</u>
	<u>48,033</u>	<u>133,833</u>
Total Administrative Expenses	<u>\$ 341,271</u>	<u>\$ 163,763</u>

ENGINEER'S REPORT

PHASE REPORT

TO

LOST RIVER MINING CORPORATION LTD.

Watts, Griffis and McOuat Limited
Consulting Geologists and Engineers
Canada - Australia - U.S.A.

Toronto, Ontario
August 29, 1972.

A Preliminary Feasibility Study, dated April 15, 1972 and a Community Development Programme, dated June 15, 1972 prepared by Watts, Griffis and McOuat Limited described the work accomplished by Lost River Mining Corporation Ltd. up to the end of 1971 and presented a study of a proposed production operation.

The following conclusions were reached:

1. Sufficient fluorite-tin-tungsten ore reserves in No. 1 and No. 2 Zones have been outlined to support a 4,000 ton per day plant for 20 years.
2. Excellent geological potential exists to develop additional reserves in the 7 zones recorded to date including Zone 1 and Zone 2.
3. Metallurgical testing on a pilot plant scale has shown that saleable grades of fluorite at acceptable recoveries can be produced.
4. The projected \$47,300,000 investment in the mining operation could be returned in less than five years.
5. The possibility of arranging long term sales contracts for fluorite is excellent and we anticipate no problems in the marketing of the fluorite, tin and tungsten products to be produced.
6. Strong support from both the State of Alaska and concerned Federal agencies has been received and can be expected to continue in all aspects of the project.
7. Liaison with State and Federal environmental protection agencies has established that no major obstacles affecting any aspect of the development have been identified.

It was recommended that the company continue with its investigations and proceed with the preparation of a final feasibility study for both the mining company and the City of Lost River.

The reports cited above were based on a great deal of information and a number of engineering studies, including:

1. A total of 23,376 feet of diamond drilling in 1971 principally in Zone 1, with 1,905 feet in 8 holes being completed in Zone 4; all drill cores were split and one-half sent to Skyline Laboratories in Denver, Colorado, for analysis; regular check analyses were conducted by the United States Bureau of Mines and by Battelle Memorial Institute;
2. The selection and mining of an 84-ton bulk sample from surface trenches representing approximately a 500-foot width over Zone 1;
3. The selection and investigation of the proposed dock site. Work under the direction of Carr-Donald and Associates, dock consultants, and Racey McCallum and Bluteau Ltd., foundation specialists, consisted of ice and water depth measurements and soil boring tests in the area of the proposed dock sites;
4. Additional site investigations consisted of preliminary drilling to test soil conditions at the dam site, townsite and airstrip; samples of aggregate material were also acquired and tested.
5. A continuing programme of surveying by company personnel including the establishment of a triangulation net between the mine site and the sea coast, and subsequently the preparation of a series of regional topographic maps at a scale of one inch to 400 feet, a survey of the proposed townsite at a scale of one inch to 200 feet, and surveys and maps of Zones 1, 2 and 4 at a scale of one inch to 100 feet.
6. Marine Terminal - Carr-Donald and Associates
Selection and analysis of alternate marine terminal sites, preliminary design of the terminal and, in conjunction with Weather Engineering of Canada Ltd., studies of wave and wind conditions affecting these sites.
7. Northern Shipping - Captain T.C. Pullen
Captain Pullen's assignment included an appraisal of the shipping conditions, season and other factors based upon: his extensive experience as a Canadian Icebreaker Captain; a trip to the area as an observer on the U.S. Coast Guard Icebreaker Glacier in March, 1971; and upon a study of available shipping records.
8. Marine Transport - German & Milne
This firm of naval architects and designers was retained to carry out a preliminary appraisal of the economics of Lost River Mining Corporation Limited owning and operating its own ice strengthened vessel. This study provided a measure of shipping costs using this alternative against which charter quotations can be appraised.
9. Power - Leslie Engineering Limited
This firm was retained to appraise a variety of methods of providing the power as well as the heating requirements of the proposed operation and associated community.
10. Water Supply - Montreal Engineering Ltd.
An off-site review was done of all regional and local weather data to outline water supply potential and select preliminary storage or dam sites.
11. Metallurgical Testing - Battelle Memorial Institute
Battelle continued during the year, under the direction of Mr. F. Everard of Watts, Griffis and McOuat, its investigations on concentration of the fluorite and tin. Work conducted by Battelle was principally on split diamond drill cores.
12. Ore Reserves, Mining, Metallurgy, Marketing, Feasibility - Watts, Griffis and McOuat Limited
During 1971, this firm was commissioned to continue its supervision of metallurgical testing and, in addition, undertake assignments relating to an appraisal of future fluorite markets, particularly in the U.S.A., Japan and Canada. The firm was also commissioned to calculate independently the ore reserves and develop a mining plan for these reserves.

In January of 1972, Lost River commissioned Watts, Griffis and McOuat to prepare preliminary feasibility studies on the project.

A major assumption made with regard to these studies was that the City of Lost River would be an independent free-standing community, selling community services such as harbour facilities, power, water, heat, etc., to the mining company. This would allow the city to develop independently and serve not only the mine of Lost River Mining Corporation, but also any other industrial or mineral developments and the Seward Peninsula generally.

The City of Lost River has now been established and its initial council is expected to be appointed within the next few weeks.

Our studies have included a preliminary appraisal of the capital and operating costs for this new city. Incorporated in the city will be a deep-water marine terminal capable of handling vessels up to 35,000 tons, a power plant, water supply, sewage plant, roads, airfields, housing, school, hospital, commercial development, oil storage and communications.

Our review of current legislation and various programmes designed to aid communities including those of the Department of Housing and Urban Development, Rural Electrification Agency, Farmers Home Administration, Economic Development Agency, and many others has shown that the City of Lost River can, as could any other similar development community, expect considerable assistance. Our discussions with State and Federal agencies have confirmed this.

The total capital required for the initial establishment of the previously mentioned facilities is in the order of \$40,000,000.

Initial population in the community has been forecast at about 1,500 persons. Future population growth is expected as the city develops as a regional centre and other industries and governmental agencies are established.

The sources of capital required for the establishment and operation of the community are, in addition to grants and low cost loans from the federal agencies previously mentioned, various state programmes and the city's own fund raising capacity.

We are confident that with the continuation of the strong State support received to date, the City of Lost River can be developed to meet the needs of Lost River Mining Corporation, its major industry.

The feasibility of the mining operation is based on a number of considerations which can be summarized as follows:

Ore Reserves:

Reserves established by the 1970-71 drilling are sufficient to feed a 4,000 tons per day mill for 20 years. Potential tonnage based upon geological evidence could be several times initial estimates.

All data was replotted and reserves were independently calculated by Watts, Griffis and McOuat Limited. Ore reserves were calculated for Zones 1 and 2 for mining purposes.

In Zone 1, a cut-off of 7.5% CaF₂ was utilized and in Zone 2, a cut-off of 15% was used. The higher cut-off in Zone 2 was used to maintain a constant rate of production when mining some lower grade ore from Zone No. 1.

Tonnage with the exception of the underground reserves in Zone 2 is classified either as drill indicated or drill proven. Only a limited amount of drilling is required to be able to classify all open pit reserves as drill proven.

The following table outlines reserves:

ORE RESERVE SUMMARY

Zone	Type of Mining	Ore	% CaF ₂	% Sn	% WO ₃	Tons Waste	Waste/Ore Ratio
1	Open Pit Under-	23,527,000	18.43	0.26	0.040	17,377,000	0.74:1
	ground	1,275,000	11.66	0.15	0.010	--	--
	Total	24,802,000	16.18	0.25	0.039	17,377,000	
2.	Open Pit	2,116,000	30.59	--	--	8,078,000	3.82:1
	Under-						
	ground	1,695,000	30.00	--	--	--	--
	Total	3,811,000	30.33	--	--	8,078,000	
Total		28,613,000	18.06			25,455,000	

Metallurgy:

Work at the Colorado School of Mines Research Institute, which began in January of 1972, has resulted in substantially improved recoveries of fluorite, and a marked increase in the proportion of acid grade fluorspar which will be produced.

Based upon the results available at the time of the feasibility study the percentage recovery of 85%, of which 75% is acid grade and 25% metallurgical grade, appears realistic.

Further confirmatory testing of fluorite recovery is under way on 43 representative samples of drill core and on selected surface samples. Fifty of the 84 tons of bulk sample will also shortly be run through the Colorado pilot plant.

During this latter phase, particular attention will be paid to the treatment and recovery by gravity methods of tin concentrate prior to fluorite flotation. Work to date and the historical operations have shown that recoveries of over 50% tin in a saleable product can be made. In our feasibility study we assumed only 50% recovery in a concentrate grading 60% Sn.

Markets:

Various public projections and private sources available indicate that fluorite consumption will rise from 4,000,000 to 6,500,000 tons by 1975. We have received letters confirming that long term contracts are available for both acid and metallurgical grades in Japan.

United States markets are also available and U.S. producers enjoy some tariff protection.

Prices used in the cash flow projections were median prices based upon actual quotations available to us for sales in Europe, Asia and North America. These were escalated at 4% per year, a figure considered conservative in view of strong demand.

Tin prices net to the mine were below current trading prices and no escalation of tin price was allowed.

Operation:

Projections were based upon the following:

1. Mining would be conducted on a 9-months per year basis with large crushed ore stockpiles being available to supply mill feed during a three-month winter shutdown.
2. Milling would be at the rate of 4,000 tons per day year round.
3. Shipping would be conducted over a 10-month season using ice strengthened vessels during the four months of this period when significant amounts of ice could be present.

Environmental Considerations:

Discussions have been held with officers of the State and Federal agencies concerned with the environment and with the preparation of Environmental Impact Statements. Plans and studies necessary for the preparation of the Impact Statement have been prepared. No major problems have been identified in preparing the Environmental Impact Statement.

Financial:

A capital investment of \$47,300,000 would be required. This amount includes contingencies, escalation, working capital, financing charges, and owners' costs including those funds necessary to execute a final field programme, complete metallurgical testing and complete design sufficient for the preparation of a final feasibility study.

Operating costs in the order of \$6.15 per ton are projected in the first several years of operation.

Based upon these costs and the revenues forecast, the entire capital investment would be returned in slightly over three years. Financial analysis of these projections indicate a Discounted Cash Flow rate of return of 31%. A series of additional financing analyses were also run on the computer which, for example, included increasing capital

costs by 10%, operating costs by 10% and reducing revenues by roughly 25%. Even with the combination of all of these, rate of return was only reduced to 19% and thus a considerable margin of safety is available in assessing the profitability of the project.

The 1972 programme, which is now underway, is designed to collect sufficient field data, to allow engineering to proceed to the point required for a final feasibility study to be done. This study is scheduled for completion during the first quarter of 1973.

The diamond drilling completed to date in 1972 has been concentrated on Zone No. 1. This has shown that ore reserves in Zone No. 1 have been increased by 10.5 million tons grading 12.4% CaF₂. Tin assays on this drilling are not complete at this time. The zone appears open for several hundred feet north of the present drilling and the final ore reserve calculation on the 1972 drilling is expected to show reserves in excess of this tonnage.

Soil testing and other engineering field investigations are proceeding on all aspects of the operational and city requirements, including the regional marine terminal, townsite, water and power supply, transportation facilities, concentration plant, mining facilities and product handling requirements.

Metallurgical testing is proceeding at Colorado School of Mines Research Institute and continues to confirm the validity of the assumptions made at the time the feasibility study was written. Further, representative bulk samples have been taken from the ore zones, and these are now on their way to CSMRI. It is intended that these samples will be used for final flow sheet testing during the fall.

Marketing and shipping studies are proceeding favourably.

Detailed discussions are being held continuously with various departments of the Alaskan and U.S. governments. These are directed towards satisfying the requirements for the permits which will be needed for the many construction activities. Environmental considerations are also being discussed.

Finally, preliminary applications are now being made for some of the programmes which are expected to provide financial assistance to the City of Lost River. In connection with this aspect of the programme, intensive town planning studies are being completed preparatory to the development of a comprehensive town concept and the engineering of the City which will follow.

Respectfully submitted,

Watts, Griffis and McOuat Limited,

Ross D. Lawrence,
Vice-President.

Toronto, Ontario,
August 29, 1972.

	<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p> <p>1. By resolution of the Board of Directors dated November 17th, 1971, the Corporation established a stock option plan setting aside 30,000 shares to be issued to full-time employees of the Corporation at \$4.00 per share, and allocated options to purchase 20,000 and 10,000 shares to Messrs. Bruce Megill and Gordon Watts respectively, exercisable over a period of three years commencing October 1st, 1972. By resolution of the Board of Directors dated March 30th, 1972, a new stock option plan was created, setting aside 20,000 unissued shares of the Corporation to be issued to full-time employees of the Corporation at the rate of \$4.75 per share, and allocated to Mr. Murray Watts an option to purchase 15,000 shares at \$4.75 per share, exercisable over a period of three years commencing April 1st, 1972. The Toronto Stock Exchange has accepted notice of both the aforesaid stock option plans.</p> <p>2. In February 1971, the Corporation granted to Pan Central Explorations Limited ("Pan Central") an option to purchase 700,000 shares of its capital stock at \$2.00 per share in consideration of Pan Central's purchase of 300,000 shares of the Corporation. Pan Central assigned its rights to 200,000 of the aforesaid 700,000 shares to Utilities & Funding Corporation Limited, Murwa Investments Limited and Louvre Developments Limited, and 250,000 shares to Appreciation Fund Management Limited, leaving 250,000 shares under option to Pan Central. The 700,000 shares aforesaid under option were fully exercised by all of the aforesaid corporations.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>1. <u>Employee stock optionees:</u></p> <p>Murray Watts, 55 Bayview Ridge, Willowdale, Ontario Gordon Watts, 532A Huron Street, Toronto, Ontario H. Bruce Megill, 701 Don Mills Road, Apt.2207, Toronto, Ont.</p> <p>2. <u>Private Placees:</u></p> <p>Incontra Limited, Hochhaus zur Palme, 33 Bleicherweg, Zurich, Switzerland</p> <p>Ataka America, Inc. 633 Third Avenue, New York, N.Y. 10016, U.S.A.</p> <p>Craigendoren Investments Limited, 265 Dunwoody Avenue, Oakville, Ontario</p> <p>* Ralnor Corporation Limited, 130 Glen Road, Toronto 287, Ontario</p> <p>Delsak Limited, 637 Lakeshore Boulevard West, Toronto, Ontario</p> <p>** Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario</p> <p>* Ralph Hedlin (a Director of the Corporation) is the only person having a greater than 5% interest in Ralnor Corporation Limited.</p> <p>** Pan Central Explorations Limited controls the Corporation.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>Reference is made to Item 19(3) herein.</p>

9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Corporation plans in the period 1972-1973 to conduct a major evaluation and engineering programme on its fluorite-tin-tungsten deposits, located on the Seward Peninsula of Alaska.</p> <p>Work planned will include diamond drilling to detail and extend ore reserves, bulk sampling, metallurgical testing and pilot plant operation, detailed site investigations for plant, power, town, harbour, water and other required facilities.</p> <p>Marketing studies and governmental liaison are planned and underway as well.</p> <p>All of the above work is being conducted to prepare a final feasibility study on the project in 1973. The total cost of the work is estimated to be approximately \$3,000,000.</p> <p>The current planning is for the establishment of a 4,000 ton per day milling complex with mining being conducted over a 9-month period. Production would amount to some 250,000 tons or more of fluorite concentrated and about 4 to 5 million pounds of tin per year. The capital cost of the mining development is currently estimated to be \$47,300,000.</p> <p>Associated with the mining development will be a completely new town, the City of Lost River. This city has already been incorporated by the State of Alaska. The city will have an initial population of about 1,500 persons and will own and operate a deep water harbour, power plant and water supply, selling these services to Lost River Mining Corporation Limited and others.</p> <p>Reference is made to the summary report prepared by Watts, Griffis & McOuat Limited (see pages 6-10 herein.)</p>				
10. Brief statement of company's chief development work during past year.	<p>In 1971 and the first few months of 1972, the corporation completed the following work:</p> <ol style="list-style-type: none"> 1. 23,376 feet of diamond drilling; 2. The selection and shipping of an 84-ton surface sample; 3. Preliminary investigative studies on site selection and testing for major facilities, such as water supply, dock, airstrip, etc.; 4. Preliminary technical and engineering studies by a number of consulting groups on metallurgy, marketing, shipping, power, ore reserves and others. 5. Preparation of a preliminary feasibility report and a community development programme by Watts, Griffis & McOuat Limited. 6. Results of this study were very encouraging and recommended the necessary work to complete a final feasibility study on the project early in 1973, with the objective of bringing the property into production at a milling rate of 4,000 tons per day in 1975/76. 				
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Nil				
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not Applicable				
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	325,000 shares are held in escrow by Guaranty Trust Company of Canada at Toronto subject to release, transfer, hypothecation and/or alienation within the escrow on the written consent of the Ontario Securities Commission and the Board of Directors of the Corporation and such other regulatory authorities having jurisdiction				
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	<table border="0"> <tr> <td>Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario</td> <td>-- 238,333 escrowed</td> </tr> <tr> <td>Murray Watts, 55 Bayview Ridge, Willowdale, Ontario</td> <td>-- 49,362</td> </tr> </table>	Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario	-- 238,333 escrowed	Murray Watts, 55 Bayview Ridge, Willowdale, Ontario	-- 49,362
Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario	-- 238,333 escrowed				
Murray Watts, 55 Bayview Ridge, Willowdale, Ontario	-- 49,362				

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table border="1"> <thead> <tr> <th></th><th><u>Name and Address</u></th><th><u>Shareholding</u></th></tr> </thead> <tbody> <tr> <td>*</td><td>Pan Central Explorations Limited Suite 420, 159 Bay Street, Toronto, Ontario</td><td>1,309,700 of which 238,333 shares are escrowed</td></tr> <tr> <td>**</td><td>Murdoch & Co., c/o Canadian Imperial Bank of Commerce, King & Bay Branch, Toronto, Ontario</td><td>150,000</td></tr> <tr> <td>**</td><td>Jones Gable & Co. Limited, 110 Yonge Street, Toronto, Ontario</td><td>144,550</td></tr> <tr> <td>**</td><td>McEwen Securities Limited, 11 King Street West, Toronto, Ontario</td><td>100,830</td></tr> <tr> <td>**</td><td>Standard Securities Limited, 185 Bay Street, Toronto, Ontario</td><td>85,783</td></tr> </tbody> </table> <p>* Pan Central Explorations Limited is the beneficial owner of the shares.</p> <p>** The beneficial ownership of the shares held by these institutions is not known to the signatories hereto.</p>		<u>Name and Address</u>	<u>Shareholding</u>	*	Pan Central Explorations Limited Suite 420, 159 Bay Street, Toronto, Ontario	1,309,700 of which 238,333 shares are escrowed	**	Murdoch & Co., c/o Canadian Imperial Bank of Commerce, King & Bay Branch, Toronto, Ontario	150,000	**	Jones Gable & Co. Limited, 110 Yonge Street, Toronto, Ontario	144,550	**	McEwen Securities Limited, 11 King Street West, Toronto, Ontario	100,830	**	Standard Securities Limited, 185 Bay Street, Toronto, Ontario	85,783
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**	Standard Securities Limited, 185 Bay Street, Toronto, Ontario	85,783																	
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Pan Central Explorations Limited, Suite 420, 159 Bay Street, Toronto, Ontario																		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The Corporation does not hold shares or securities of any other corporations.																		
18. Brief statement of any lawsuits pending or in process against company or its properties.	There are no lawsuits pending or in process against the Corporation or its properties.																		

Schedule "B".

Item 19:

1. By Agreement dated June 1st, 1970, between the Corporation and PCE Explorations Limited (now Pan Central Explorations Limited) ("Pan Central"), Pan Central assigned to the Corporation all right, title and interest in and to an Agreement dated as of the 30th day of January, 1970 between Pan Central and Messrs. Lenhart J. Grothe and Clayton T. Pearson, both of Kodiak, Alaska, U.S.A. (the "prime agreement"), covering an option to purchase 36 patented and unpatented lode and placer mining claims located in the Cape Nome Recording District, State of Alaska, and all mining plant, buildings, machinery, tools, appliances and equipment located on the said mining claims and in the immediate vicinity thereof, and an additional 220 unpatented lode and placer mining claims in the same area which were staked by Pan Central at an approximate cost of \$5,000.00, in consideration of the allotment and issue of 750,000 shares of the capital stock of the Corporation (90% escrowed) and the sum of \$40,000.00 being reimbursement of expenses incurred on the mining claims by Pan Central during the period January 1st, 1970 to April 30th, 1970.

Of the said 750,000 shares, Pan Central received a total of 550,000 and the balance thereof, namely 200,000 were allotted and issued to certain prospector interests as follows:

Mr. Murray Watts, 55 Bayview Ridge, Willowdale, Ontario, the President of both the Corporation and Pan Central - 125,000 shares; Ronald C. Sheardown, 22 Oakmount Road, Apt. 606, Toronto, Ontario, an officer and director of the Corporation - 37,500 shares, and Pearse M. Walsh, Box 179, Nome, Alaska, a director of the Corporation - 37,500 shares.

The prime agreement provided for the initial payment of \$10,000.00 U.S. to Messrs. Grothe and Pearson, which amount was paid by Pan Central, and the balance of \$640,000.00 U.S. payable by the Corporation as follows:

- (a) the sum of \$120,000.00 U.S. on or before January 15th, 1971 (since paid);
- (b) the sums of \$50,000.00 U.S. on or before January 15th 1972 (since paid) and January 15th, 1973;
- (c) the sums of \$100,000.00 U.S. on or before January 15th, 1974 and January 15th, 1975;
- (d) the sum of \$220,000.00 U.S. on or before January 15th, 1976.

2. By Agreement made as of the 1st day of December, 1970, between James A. Fitzmorris (the "Optionor") and the Corporation (the "Optionee"), the Optionor granted the Optionee the option to purchase the Optionor's interest in 6 patented mining claims being situate in the Port Clarence Mining District of the State of Alaska.

The Optionee has paid \$8,000.00 to the Optionor in accordance with the aforesaid Agreement and in consideration therefor has received from the Optionor a sole and exclusive working option on the said mining claims subject to certain minimum work commitments and the payment of the following additional consideration:

- (a) \$2,500.00 on or before midnight, October 1st, 1972;
- (b) \$2,500.00 on or before midnight, October 1st, 1973.

The work commitments undertaken by the Optionee require that the Corporation complete by the 1st of October of each of the years 1971, 1972 and 1973, \$10,000.00 worth of work on the said mining claims.

On completion of the above work commitments and option payments, the Corporation has the right to elect to purchase on or before October 1st, 1974, the 6 patented mining claims for the sum of \$125,000.00 on the following terms:

- (a) \$25,000.00 payable on the date of election to purchase being on or about October 1st, 1974;
- (b) \$25,000.00 payable on or before October 1st, 1975;
- (c) \$25,000.00 payable on or before October 1st, 1976;
- (d) \$25,000.00 payable on or before October 1st, 1977;
- (e) \$25,000.00 payable on or before October 1st, 1978.

3. By an Agreement in writing dated the 16th day of June, 1972 and made between the Corporation and Gairdner & Company Limited, Box 53, Toronto-Dominion Centre, Toronto, Ontario ("Gairdner"), the Corporation appointed Gairdner its agent to arrange for the sale of not more than 600,000 treasury shares of the Corporation on a private placement basis at a discount of approximately 10% from the market price prevailing at the date of the placement, but in any event at not less than \$5.00 per share, to net the Corporation \$3,000,000, subject to the approval of such regulatory authorities having jurisdiction.

The Corporation reserved the right to place 300,000 of the aforesaid 600,000 shares and on August 15th, 1972 advised Gairdner that it was its intention to reserve the 300,000 shares pending the outcome of negotiations currently underway with major mining interests who were interested in participating financially with the Corporation in the development of its fluorite-tin-tungsten project in Alaska.

Under the aforesaid financing arrangement, the Corporation has paid \$52,500 to the agent and sub-agents as commissions in connection with the private placement herein. No commissions were payable with respect to the purchases made by Pan Central Explorations Limited and Ralnor Corporation Limited.

There are presently no continuing obligations flowing from the Corporation to Gairdner and vice versa and the Agreement aforesaid dated June 16th, 1972 is at an end.

4. By an Agreement dated August 9th, 1972 between the Corporation and Incontra Limited of Zurich, Switzerland ("Incontra"), the Corporation appointed Incontra its sole and exclusive agent in Europe for the sale of products obtained from its mining operations, for a period of 6 years next following the date of full production, on a commission basis with a minimum commission of \$100,000 U.S. per year payable for the first full five years of production. The aforesaid Agreement is subject to the approval of such regulatory authorities having jurisdiction.

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	See Schedule "B" on pages 14 & 15.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts which are not disclosed in the foregoing items. The shares of the Corporation are not in the course of primary distribution to the public.

DATED September 1st, 1972

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

LOST RIVER MINING CORPORATION LIMITED
CORPORATE

Murray Wark
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

